MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BCB2044 – COMPENSATION AND BENEFITS

(All sections / Groups)

5 MARCH 2020
2:30 p.m. – 4:30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 3 pages with 4 Questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Students are allowed to use non-programmable scientific and financial calculators.
4. Please write all your answers in the Answer Booklet provided.

Astro (Malaysia)

Published on: 19th February 2016.

Integrated consumer media entertainment group Astro knew that to achieve its five-year growth strategy of becoming Malaysia's leading source of consumer entertainment, it needed to attract and retain talent. It set out to build an employer brand that catered to the future workforce needs and embraced diversity as a source of competitive advantage.

Part of building an attractive employer brand is having benefits that meet employees' diverse needs, based on what stage in the employment life cycle they are at. Astro decided to implement a customisable benefits plan – myChoice@Astro – in 2011, the aim of which was to empower employees to choose their benefits according to their priorities, be it cash rewards, training and development or medical needs. Additionally, it provides employees with a comprehensive range of reimbursable items to suit each individual's needs.

MyChoice@Astro has five components, which include a benefit allowance based on salary and job grade, allowing staff to top-up the flexible spending account, and an option to upgrade core health insurance and medical coverage. The core benefits of the plan include annual leave, meal allowances and free pay-TV subscription. On the other hand, optional benefits include health and wellness, financial benefits and transport benefits, including a new vehicle maintenance component.

The plan also includes four upgrades: encashment which converts unutilised annual leave and outpatient coverage into flexi points and allows employees to earn additional points by staying healthy; enhancement – allowing the user points to improve core health and medical benefits; enrichment – an optional portable and personal hospital and surgical top-up insurance coverage; and a leave depository – which allows staff to deposit annual leave into a leave bank for extended leave use in the future or on family care emergencies.

Since the launch of myChoice@Astro, the company's employee satisfaction rate has increased from 54% in 2011 to 63% in 2013. At the same time, the attrition rate has decreased over the years, remaining consistently below the Malaysian norm.

Furthermore, there has been an improvement of employees' overall health with the average number of sick leave used per year dropping from 2.98 days in 2011 to 2.43 days in 2014 as employees are incentivised with additional flexi points for low sick leave utilisation.

Adapted from: Ang, J. (2016). Making the most of every cent. [online] Human Resources Online. Available at: http://www.humanresourcesonline.net/features/making-every-cent/ [Accessed 14 Dec. 2019].

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QUESTION 1

(a) Based on the above, identify and discuss the forms of total returns for work Astro offers to its employees.

(10 marks)

(b) Assess the suitability of Astro's customisable benefits plan – myChoice@Astro by discussing any **THREE (3)** potential advantages and **TWO (2)** disadvantages of Astro's customisable benefits plan.

(15 marks)
(Total: 25 marks)

QUESTION 2

(a) The CEO has indicated to you that job evaluation is not necessary and jobs should be just paid based on market price. Clarify to your CEO the importance of conducting a job evaluation before determining the salary structure.

(10 marks)

(b) Using **Efficiency-Wage Theory** as a guide, explain how high wages may increase efficiency and actually lower labor costs at Astro.

(15 marks)
(Total: 25 marks)

QUESTION 3

(a) Describe any **THREE (3)** external factors that influence Astro's internal pay structures.

(15 marks)

(b) Using **Expectancy Theory** as a guide, explain the implications of expectancy theory on compensation decisions in an organisation such as Astro.

(10 marks)
(Total: 25 marks)

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QUESTION 4

The results of a recent job evaluation indicated that several jobs at Astro salary structure will need to be revised. As the Human Resource Director, design a revised salary structure for the position of associate call centre and commercial sales advisor based on the data provided below.

The new salary structure must be based on the following requirements;

i. A market lead policy where employees' salary must be at 10% above market rate.
ii. The **"Double–Step"** approach will be used.

Table 1: Job Market Survey Data, 2019

Position	Market Average (RM)
Associate, call centre	2500
Senior Associate, call centre	2800
Commercial sales advisor	3000
Senior Commercial sales advisor	3300

(a) Based on the above information in Table 1, prepare the revised salary structure using the following table as a guideline. Round up your answer. (12 marks)

Position	Market Average	Minimum	New Midpoint	Maximum

(b) Based on the table below, calculate the Compa – Ratio for the call centre associates using the new midpoint. Round up your answer. (6 marks)

Position	Name of worker	Salary (RM)
Associate, call centre	Foo Kok Keong	2700
Associate, call centre	Dollah Salleh	3300
Senior Associate, call centre	Shalin Zulkifli	2900

(c) Based on your answer in question 4(b), analyse the salary structure of associates and senior associates at Astro. Include in your answer a discussion of whether the employees are overpaid, underpaid or paid according to market rate.

(7 marks)

(Total: 25 marks)

End of Paper.